SHRI BIRENDRA PRASAD BAISHYA: Madam, this question is not related to the original question. So, I need a separate notice.

SHRI S.S. SURJEWALA: Madam, Shri Miri has said that mining is a Central subject and not a State subject. Next door to Delhi areas, which are falling within the districts of Gurgoan and Faridabad, they are large tracts of areas—sunny hills, ridges, tracts and a lot of forest—where indiscriminate mining, which is totally illegal, is taking place. The area has completely been degraded by very dishonest people. Mining is done by people who have no right and they are even not caring for any norms. I would like to ask the hon. Minister, if power is wholly given to the State Government, what are the safeguards provided by the Central Government? I would also like to say that it is common knowledge that everywhere, particularly, in areas I am referring to, there is a mafia which is in operation. The mafia is so powerful that it can defy the State Government, it can defy your officers and the authorities are pigmies before these gangs. They are totally destroyed the area, degraded it and it is a great national loss. What measures does the Government propose to take? What do you do about this? i

SHRI BRIENDRA PRASAD BAISHYA: I am really thankful to the hon. Member as he has put a very, very urgent and important question in the interest of the nation's economy and in the interest of national integrity. I am very happy to inform you that the Government of India has already constituted a committee under the Chairmanship of the Secretary, Mines, consisting of representatives of several State Governments, representatives from Indian Bureau of Mines and representatives from the Indian Mineral Industries. The Committee will examine the lacunae. There are certain lacunae in the mining activity. Nodoubt, illegal mining activity, in our country, is going on. There are certain lacunae. To identify these lacunae, to slop this illegal mining, this Committee has been constituted. The Committee will submit its report as soon as possible.

SHRI S.S. SURJEWALA: The present law must check it.

THE DEPUTY CHAIRMAN: The Minister has clearly said that these are the issues which the Committee will go into because not only is it concerned with the Mining Ministry but also is concerned with the Environment Ministry. So, degradation of the soil has to be considered. I am happy that he is doing it.

SHRI S.S. SURJEWALA: Madam, by the time the report comes, the damage has already been done.

SHRI SURESH A. KESWANI: Madam, Committees which are being constituted do not seem to have any dead line. Everytime a question arises; we constitute a committee and leave it without mentioning as to within what timeframe the Committee is supposed to submit its report and what is going to be our next plan of action, If the nation has to achieve any meaningful result of whatever we have been deliberating here, will the Minister make sure that the Committee, which has been constituted, has a time-bound programme to submit its report?

SHRI BIRENDRA KUMAR BAISHYA: Hon'be Madam, it is a very important question regarding the time-bound programme. I am a new Minister, I am a new comer into this arena. But, I believe in a time-bound programme. I am confident that within six months the Committee will submit its report.

Poor Industrial Growth

*305. SHRI AMAR SINGH: Will the Minister of INDUSTRY be pleased to state:

(a) whether Government are aware that industrial growth during the first half of the current financial year dipped to 4.8% as against the 12.8% during the period from April to September last years.

(b) whether the infrastructure showed a dismal growth of 3.3% as compared to 10.7% in the corresponding period during the last year; and

(c) if so, the reasons therefor and the remedial steps taken in this regard?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) The overall industrial growth during first half of the current financial year was 9.8% compared to 12.2% in the corresponding period last year.

(b) The overall growth of infrastructure industries was 3.3% in April-Jan., 1996-97 as against 8.6% in the corresponding period last year.

(c) The slow down in industrial growth has mainly been due to the factors such as, (i) under performance of crude petroleum, fertilizers and power sectors (ii) credit (iii) lower demand from exports and other segments. Sector specific strategies have been initiated to remove constraints in underperforming sectors. Corrective actions have been initiated in the capital and money markets to improve availability of funds.

SHRI AMAR SINGH: Madam, production of petroleum products is one of the most important factors in our country. But, strangely enough, the crude petroleum registered a negative growth of 10.3 per cent as against a positive growth of 15.8 per cent in the corresponding period during the last year. Therefore, through you and through this hon'ble House, I would like to ask the Minister whether the Government has analysed the reasons for negative growth and, if so, the details thereof and the remedial steps taken in this regard.

SHRI MURASOLI MARAN: Madam, there is a slow-down in the industrial growth. It is mainly due to poor performance of electricity generation and mining, especially of crude oil. In the case of crude petroleum, production was reported to have been affected due to frequent power shedding in Gujarat and Assam; and also due to technical problems in Neelam fields of Bombay High. The Administrative Department has constituted a Committee to look into the problem of crude oil. They are looking into it.

THE DEPUTY CHAIRMAN: Second supplementary.

SHRI AMAR SINGH: Madam, I would like to ask the hon'ble Minister, whether it is a fact that out of 24 industries in the petroleum, only five grew at a faster rate, if so, **what** are the reasons therefor? I would also like to know whether the matter was discussed with those companies to ascertain the precise reasons, if so, the details thereof and the steps taken to solve their problems.

SHRI MURASOLI MARAN: The Government has appointed a Committee. It will go into all these problems to enhance production and distribution.

SHRI GURUDAS DAS GUPTA: Madam, the answer of the hon'ble Minister is contradictory because we identify the shortfall in the production of petroleum as the main reason for the slower growth of industrial production, but while discussing the factors he said that there are three factors responsible for it. First, underperformance of crude oil, fertilizers and power sector; second, the credit problem; and third, a lower demand from the export. Therefore, the shortfall in production of petroleum is definitely an important constraint. But, what about other factors? The Government says that it is due to the shortfall in the production of petroleum; and it is not looking into other aspects or other factors which have contributed to slowing down industrial growth slowing down. Therefore, I would like to know from the hon'ble Minister what the reasons are for the slow-down in non-petroleum and non-fertilizer areas. Secondly, if the factors have been identified, what steps have been taken to

solve the problem of credit and to bring about a larger demand in the export; or is it that export has been over-estimated.

SHRI MURASOLI MARAN: Madam, in crude petroleum there is a negative growth, for example, according to the quick estimates of January, 1997 it is (-) 9.2. So, it is pulling down the growth. There are other problems also, as the hon'ble Member has pointed out, like high interest rates, alongwith slowdown in investment. Private and public consumption expenditures have also dampened industrial growth and have possibly led to unintended inventory built-up last year. So, the Government's approach is to stimulate industrial growth. Administrative ministries are devising sector-specific strategies to improve the performance. Take for example, the manufacturing sector. It contributes about 77 per cent to industrial growth. It is doing well. In regard to the other things, I would say that measures have been taken by the Reserve Bank of India. It has been announced by the Finance Ministry. There has been a substantial scaling down of the CRR—the Cash Reserve Ratio. Then, export credit has been increased. Also, commercial banks are providing foreign-currency-denomination loans. There is also a reduction in the PLR—the prime lending rate. Interest rates are also softening down. I think all these things would take care of the growth rate.

SHRI GURUDAS DAS GUPTA: Madam, he did not answer my question. The credit problem does not depend only on the supply of credit. It depends also on the interest rate. What about that? Secondly, what about boosting the exports?

SHRI MURASOLI MARAN: Madam, I said that the interest rates were softening down. The Reserve Bank of India has recently announced. *(Interruptions)* Interest rates are softening down. Today, the Board of the Reserve Bank of India is meeting. I have been told that the Finance Minister is taking a meeting. We expect that the interest rates would further come down.

SHRI NARENDRA MOHAN: Madam Deputy Chairman, I must say that the reply given by the hon. Minister is very halfhearted as well as incomplete. He has not informed the House as to what are the factors which have led to this fall in the export growth rate. What are the commodities in which we have lagged and why have we lagged?

Secondly, he has said that sector-specific strategies have been initiated to remove the constraints in the underperforming sectors. Now, I would like to know as to what are these strategies. Would the hon. Minister please inform the House as to what strategies have been devised for improving industrial production?

You have said that industrial production has gone down, considerably gone down. But you are saying that it has gone down because of the fall in exports. This is not a fact. This is not the correct situation. You have said that it is because of credit. This is also not the correct situation. Just now you said that corrective measures have been taken. Whatever corrective measures you have taken up till now have not helped in improving the capital market. They have not helped in improving the infrastructure sector. No investments are coming in the infrastructure sector. There is not much foreign direct investment coming, as you had planned, as you have been saying. You had planned for an investment of ten billion dollars. It is not coming. What is your reaction to all these things?

SHRI MURASOLI MARAN: Madam, the picture is not as gloomy as the hon. Member is predicting. There is a slowdown. There is no doubt about it. He wanted to know about the specific programmes, Ministry-wise programmes. I have said....

SHRI NARENDRA MOHAN: You have said it. *(Interruptions)*

THE DEPUTY CHAIRMAN: Mr. Narendra Mohan, please sit down. Let the hon. Minister answer, please.

SHRI MURASOLI MARAN: Crude is one villain of the piece. It is pulling down the growth rate. It is negative. As I pointed out, the Government has appointed a Committee to look into the crude oil problem. This is one aspect. Similarly, the power sector is also not doing well. In this regard, inter-State and inter-regional exchange of power, renovation and modernisation programmes are being undertaken by the Government. They say that they would increase the plant load factor. The long-term measures include promoting private sector investment in the power sector and exploitation of the hydel potential. All these things are taking place. In the case of fertilisers, the Department expects that the current year's rabi target would be achieved. These are the measures which have been taken, Ministry-wise.

SHRI ASHOK MITRA: Madam, I would like to offer a comment on the point made by the hon. Minister about the rate of growth in the infrastructure industries *vis-a-vis* the rate of growth in the manufacturing industries. It is true that in the last couple of years, the growth in the mining and the power sectors has fallen behind the rate of growth in the manufacturing sector. But if the hon. Minister would kindly look at what happened in 1991-92, 1992-93 and 1993-94, he would find that it was very much the reverse situation. Production in the mining and the power sectors was way ahead of the production in the manufacturing sector. But let that pass.

My basic question is about the methodology of formulating or constructing the index of industrial production. I am told that as far as the production from the small-scale sector is concerned, you have made some heroic assumptions. For example, one] assumption that has been made in recent years is that the rate of growth would be as high as 30 per cent. Will the Minister kindly enlighten us a little bit the assumptions behind such a high project for the small-scale industry. The reason I have mentioned for this is that, of late, you have decentralised the small-scale sector, and we are flooded with complaints and grievances in our constituencies...

THE DEPUTY CHAIRMAN: Let him have time to answer the question.

SHRI ASHOK MITRA: I am completing.

Therefore, I am a little worried about whether the 25 per cent or 30 poer cent rate of growth you are assuming, according to reports, is really genuine or not. Will you kindly look into it so that even our statistics of industrial production do not get politicised?

SHRI MURASOLI MARAN: I agree with the hon. Member. Probably he knows the subject much better than I do because he is a professional economist. I agree with him that the current IIP base, the current index does not give the true picture at all because its base is 1980-81. It covers only 352 items. It does not represent automobiles. It does not represent leather goods. It does. not represent the industry of electronics. The SSI is a dynamic and fast growting factor, but it is unrepresented in the weightage diagram due to non-availability of the data. According to my information, the projected growth this year for the small-scale sector is about 12 to 13 per cent, not 30 per cent, subject to correction.

SHRIMATI RENUKA CHOWDHURY: In continuation of what my hon colleagues have been pointing out to the hon. Minister, I want to say that on the one hand they are taking cognizance of the importance of the SSI factor, and, on the other hand, in the new budget we have slashed import duties without an anti-dumping factor, which is going to demolish the SSI sector totally because there is no protection.

Two, there is no point in giving export credit or talking about lowering interest rates unless you have a sensitive lending technology. There has to be a lean lending technology so that you can be sensitive to the market. On the other hand, you have the BIFR sitting like one monolith. It makes recommendations which banks do not execute. So, we are in a catch-22 situation as far as industry is concerned.

I want to ask of the hon: Minister: what specific steps is he taking to increase this growth?

I am running out of time. Therefore, I am sitting down.

SHRI MURASOLI MARAN: Madam, I do not know about the lending technology. I do not know what it means.

SHRIMATI RENUKA CHOWDHURY: You should know that. I will tell you.

SHRI MURASOLI MARAN: I am not the Finance Minister. So, I will pass on this point about lending technology to the Finance Minister. If it is available in India and if it is possible, we will make use of it.

SHRIMATI RENUKA CHOWDHURY: It is. It is. It is. *(Interruptions)*

SHRI MURASOLI MARAN: If it is to be imported, I will ask the Commerce Minister to provide...

SHRIMATI RENUKA CHOWDHURY: At what cost? That is the crucial factor.

THE DEPUTY CHAIRMAN: Who is lending it to us? You have to find out that also..... *(Interruptions)*

SHRIMATI RENUKA CHOWDHURY: The system, the procedure and indexing are known as lending technology. ....*(Interruptions)*

SHRI MURASOLI MARAN: Madam, it has been taken care of. I think now banks are flooded with money. The point is that they have to shed shyness. They are still shy. They have to lend money to investors. I think, after the Budget, the atmosphere is very good. The sentiments are good.

A meeting of the Reserve Bank Governor and the Finance Ministry people is taking place today. I think they will give us a good news. I think, very soon the market will pick up.

I want to add one more thing. The industrial growth rate during April and October is 9.8 per cent. Even if it continues like that or even if it remains like that, it would be the second highest growth in the last 25 years, more so after 1980-81. Therefore, we are sure, Madam, and we are optimistic that this year's growth will reach about 10 per cent or more. I mean the industrial growth.

DR. BIPLAB DASGUPTA: Madam, I am only confused by the answer given by the Minister. If the Minister is right, then something is seriously wrong with the Government statistics because over the last three years the exports have grown at the rate of 20 per cent or so, but he says that the industry is not growing because of lack of export demand.

THE DEPUTY CHAIRMAN: Time is lacking now. The Question Hour is over.

WRITTEN ANSWERS TO STARRED QUESTIONS

Foreign direct investment proposal

*302. SHRI JAGIR SINGH DARD: DR. SHRIKANT RAM-CHANDRA JICHKAR:

Will the Minister of INDUSTRY be pleased to state:

(a) number of foreign . direct investment proposals granted uptill now since the inception of the new policy;

(b) out of these how many have become functional;